

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 AGR-05 CEA-01 CIAE-00 DODE-00

FRB-03 H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05

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LIMITED OFFICIAL USE MOSCOW 8052

E.O. 11652 N/A

TAGS: BEXP, EEWT, ETRD, EAGR, UR

SUBJECT: SOVIETS SIGN TWO AND A HALF MILLION DOLLAR CONTRACT WITH
TRIPLE "F" INC. FOR AGRICULTURAL MACHINERY

USDOC FOR BEWT/DOWNEY AND BEWT/USSR AND TDAD

1. BEGIN UNCLASSIFIED: WAYNE F. FOX, PRESIDENT O INSTA-PRO
INTERNATIONAL (SUBSIDIARY OF TRIPLE "F" INC. OF DES MOINES, IOWA)
SIGNED CONTRACT JUNE 9 WITH FTO TEKHMASHIMPORT FOR \$2.452
MILLION FOR DELIVERY 20 LINES OF MACHINERY TO PRODUCE "GOLDEN
PRO" LIVESTOCK FEED, A UREA-BASED PROTEIN SUPPLEMENT.
CONTRACT ALSO PROVIDES OPTION FOR TEKHMASHIMPORT TO PURCHASE AN
ADDITIONAL 20 LINES (AT SAME TERMS) BEFORE NOVEMBER 30, 1975.
(FOX IS VERY OPTIMISTIC THAT THEY WILL OPT FOR ADDITIONAL 20
LINES AND WAS, IN FACT, PUSHED BY TEKHMASHIMPORT TO OFFER EVEN
BIGGER OPTION.)

2. CONTRACT SIGNING AND CEREMONY TOOK PLACE AT COMMERICAL
OFFICE, WHERE TEKHMASHIMPORT AND FOX HAD BEEN HOLDING NEGOTIA-
TIONS FOR PAST WEEK. FOX MADE EXTENSIVE USE OF COMMERICAL OFFICE
FACILITIES DURING FINAL NEGOTIATIONS AND DURING FEBRUARY VISIT TO
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MOSCOW. INITIAL CONTACT TOOK PLACE TWO YEARS AGO WITH SOVIET

AGRICULTURAL ATTACHE KONYGIN (CURRENTLY CHIEF OF FOREIGN RELATIONS DEPARTMENT AT MINAG) BUT FOX'S PARTICIPATION IN USDOC-SPONSORED IOWA TRADE MISSION SEPTEMBER 1974 WAS IMPORTANT STEP IN MOVING NEGOTIATIONS AHEAD.

3. CONTRACT (COPY WILL BE POUCHED TO BEWT/TDAD FOR STEIN) CALLS FOR CASH PAYMENT WITHIN 30 DAYS UPON RECEIPT OF DOCUMENTS (NO DOWN PAYMENT).

4. TRIPLE "F" INC. MACHINERY FOR PRODUCING "GOLDEN-PRO" UTILIZES SODIUM BENTONITE TO MAKE UREA-BASED FEED. ACCORDING TO FOX, SOVIETS WILL ALSO HAVE TO TURN TO AMERICAN MARKET FOR SODIUM BENTONITE, PROBABLY TO INTERNATIONAL MINERALS AND CHEMICALS OR VOLCLAY.

5. FOX HAS ALSO BEEN NEGOTIATING WITH BULGARIANS ON "GOLDEN-PRO" LINES, BUT HAS NOT YET REACHED SERIOUS CONTRACT TALKS. BULGARIANS HAVE ALSO BEEN CONSIDERING A KANSAS STATE-DEVELOPED PRODUCT CALLED "STAREA" WHICH IS COMPETITIVE TO "GOLDEN-PRO". END UNCLASSIFIED

6. BEGIN LIMITED OFFICIAL USE - COMMENT/ FOLLOWING CONTRACT SIGNING, FOX AND COMMATT MET WITH MINISTER OF PROCUREMENTS G.S. ZOLOTUKHIN AND DEPUTY MINISTER YU. B. SHILKIN FOR OVER AN HOUR AT THE MINISTRY. ZOLOTUKHIN DISPLAYED DETAILED TECHNICAL KNOWLEDGE OF UREA-BASED PROTEIN SUPPLEMENTS AND INDICATED THAT BASIC DECISION HAD BEEN MADE TO ADOPT THIS PRODUCT AS PART OF PROGRAM TO INCREASE MEAT PRODUCTION. ZOLOTUKHIN EXPLAINED THIS DECISION AS BASED IN LARGE MEASURE ON INABILITY OF SOVIET UNION TO PRODUCE ADEQUATE QUANTITIES OF SOYBEANS DUE TO UNFAVORABLE COMBINATION OF CLIMATIC AND SOIL CONDITIONS. ASSUMING THAT "GOLDEN-PRO" UNITS PERFORM AS PROMISED, ZOLOTUKHIN INDICATED THAT ADDITIONAL, LARGE PURCHASES OF THIS EQUIPMENT WOULD BE MADE.

7. ZOLOTUKHIN ALSO EXPRESSED CONSIDERABLE INTEREST IN POSSIBILITY OF VISITING UNITED STATES, WHERE HE HAS NOT YET BEEN. IN VIEW VERY SUBSTANTIAL COMMERCIAL PROSPECTS OFFERED BY PROJECTS WHICH MINISTRY OF PROCUREMENT IS UNDERTAKING (GRAIN STORAGE PROGRAM FIRST AMONG THEM), EMBASSY BELIEVES THAT VISIT BY ZOLOTUKHIN AT THIS TIME COULD BE VERY USEFUL. FOX PLANS SUGGEST TO GOVERNOR LIMITED OFFICIAL USE

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RAY OF IOWA, WHO WAS RECENTLY IN USSR WITH DELEGATION OF STATE GOVERNORS, THAT HE INVITE ZOLOTUKHIN TO VISIT IOWA. COMMATT SUGGESTED TO FOX THAT THIS INVITATION BE COORDINATED WITH DEPARTMENTS OF STATE AND COMMERCE. IN VIEW FACT THAT FIRMS IN OTHER STATES, PARTICULARLY KANSAS AND NEBRASKA, ARE QUITE INTERESTED IN SOVIET GRAIN STORAGE PROGRAM, IT WOULD BE DESIRABLE FOR ZOLOTUKHIN TO VISIT THOSE STATES AS WELL AS IOWA. PERHAPS INVITATION COULD BE EXTENDED BY GOVERNORS OF SEVERAL MID-WESTERN STATES INVOLVED.

END COMMENT. END LIMITED OFFICIAL USE

8. PHOTOGRAPH OF SIGNING CEREMONY AND SUGGESTED CAPTION FOR
INCLUSION IN COMMERCE TODAY WILL BE POUCHED ATTN: USDOC/BEWT/TPD.
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